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Dairy Farm Business Summary

1987

1987

NOVA SCOTIA DAIRY FARM

BUSINESS SUMMARY REPORT

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PREFACE

The 1987 Nova Scotia Dairy Farm Business Summary is a synopsis of the business performance of one hundred and thirty-one (131) Nova Scotia Dairy Farms. The majority of these farms participated in the CanFarm Records Program in 1987.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered to have their data included in the summary. Hence, care should be exercised in the use and interpretation of the results shown in the various tables of this publication.

Despite this limitation, this publication can be used by farmers to compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmer's own records, and comparison of these from year to year.

The co-operation of the one hundred and thirty-one (131) dairy producers who participated in this summary is gratefully acknowledged. Without their co-operation and data, no summary would be possible.

We would also like to acknowledge several individuals who contributed significantly to this publication: Pam Fraser, Alan Grant, and Jim Houghton, who assisted with data collection; and Linda McNutt who performed the secretarial duties.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertantly appear in the final version.

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SECTION A

INTRODUCTION

INTRODUCTION

The Nova Scotia Dairy Farm Business Summary is designed to provide bench-mark information that can be used to compare the financial strength and weakness of individual dairy farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similiar size and general characteristics. This report may be useful in this regard.

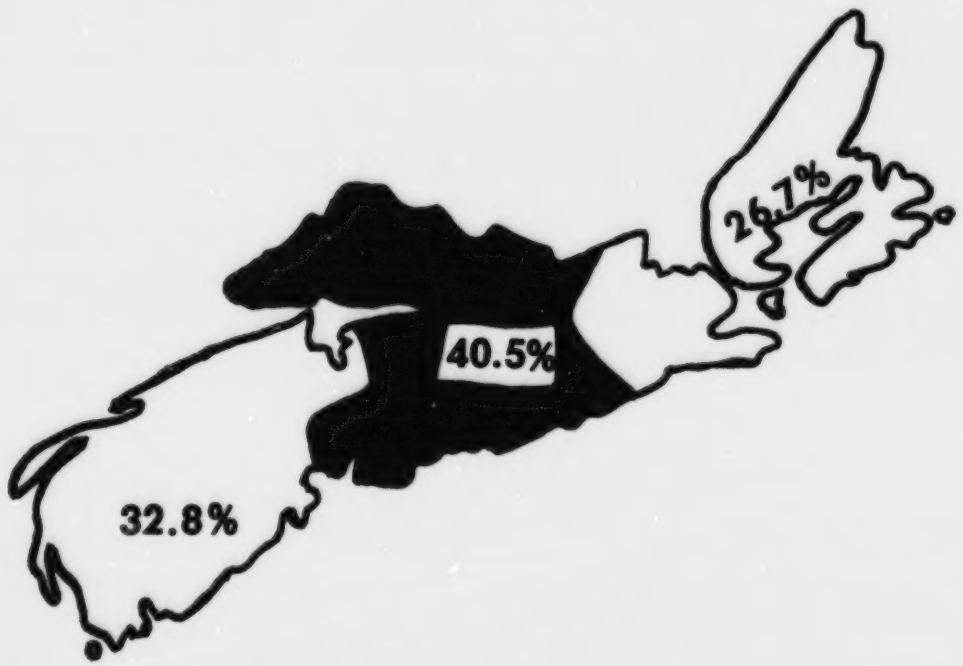
- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

In 1987, there were a total of 575 fluid milk producers in Nova Scotia. Basic data for this summary was prepared from 131 of these farms located throughout Nova Scotia. These 131 farms represent 22.8 percent of the total number of fluid milk farms in the province.

In terms of production, these farms included in the summary produced 50,617,614 litres of milk for sale. The total milk produced by fluid milk farmers in the province was 174,409,521 litres. Hence, in terms of production, farms included in this summary produced 29.0 percent of the milk produced by fluid milk farms in Nova Scotia.

Figure A-1 provides information on the distribution of these one hundred and thirty-one (131) farms relative to their location in the province. A description of the counties contained in each region can be found following figure A-1.

FIGURE A-1: DISTRIBUTION OF 131 DAIRY FARMS BY REGION WITHIN NOVA SCOTIA



Central Region: Represents dairy farms from Colchester, Cumberland, East Hants, Halifax and Pictou Counties.

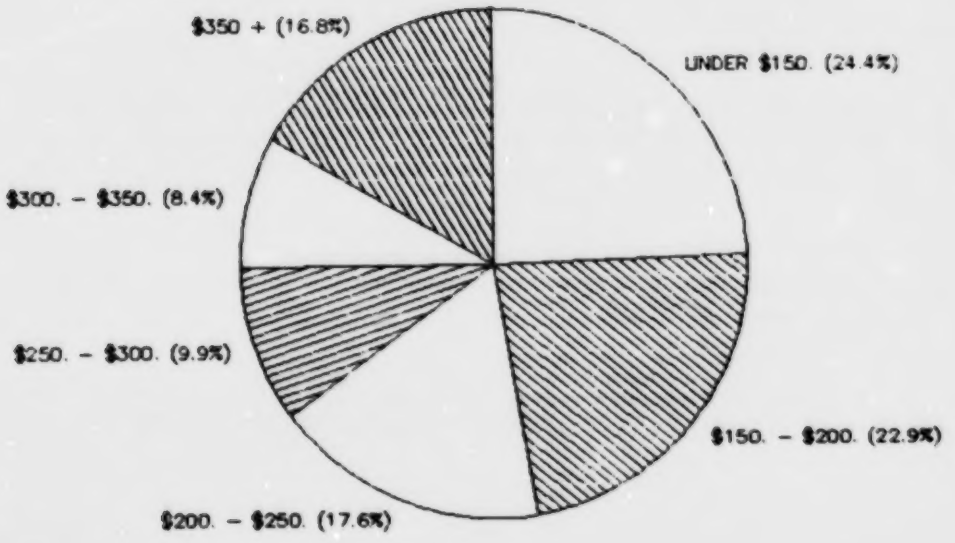
Eastern Region: Represents dairy farms from Antigonish, Cape Breton, Inverness and Victoria Counties.

Western Region: Represents dairy farms from Annapolis, Kings, Lunenburg, West Hants and Yarmouth Counties.

Figure A-2 provides information on the distribution of these one hundred and thirty-one (131) dairy farms relative to the size of the business measured in terms of Gross Farm Income.

FIGURE A-2: DISTRIBUTION OF 131 DAIRY FARMS BY GROSS FARM INCOME

'000 DOLLARS



The one hundred and thirty-one (131) dairy farms in the summary were classified into four (4) groups according to herd size. These groups were (1) 20-39 Cows; (2) 40-59 Cows; (3) 60-99 Cows; and (4) 100 plus Cows. The basic format for the presentation of the information in this summary is as follows for sections "B" through "F".

1. Receipts
2. Expenses
3. Income Summary
4. Net Cost of Production
5. Production Analysis
6. Balance Sheet
7. Balance Sheet Analysis
8. Labour Analysis
9. Analysis of Expenses
10. Receipts and Expenses Summary

Sections "G" through "I" provide additional information on the one hundred and thirty-one (131) dairy farms by reclassifying these farms on the basis of Net Farm Income, Production and Investment Levels per cow.

Sections "J" provides a summary of various production and management factors found throughout this summary.

The Appendix contains comparison figures for the total group based on a per farm, per cow, per hectolitre, per hundredweight and percentage analysis basis. In addition, a Glossary of Terms used in the summary is provided.

Throughout the analysis, several assumptions were made and used that should be noted. These include:

(a) Tax depreciation was used in place of management depreciation. This may result in a slightly "higher than normal" depreciation figure in this summary.

(b) Operator labour value must be considered minimal. The value chosen was the 1986 figure plus 3 percent in all size groups.

(c) Investment figures used were farmers book values. These may or may not represent cost. They may or may not represent market value. Rather, some mixture of the two concepts may be more representative in many instances.

(d) Interest on equity was calculated using a 10 percent interest rate.

Given the above explanatory notes, the basic data was then prepared. Throughout the summary, per farm and per cow figures are presented.

Data collection was consistent with the methodology followed in 1986, with one minor exception. Two items - custom work and rentals/leases, formerly included in miscellaneous expenses, are shown separately. Two other expense items - taxes and insurance - have been combined into one entry.

It should be noted that the Co-op Dairy Investment (included under Accounts Receivable in previous years) was not considered a Current Asset in the Current Ratio calculation in 1987. This will make the Current Ratio appear significantly lower than previous years but presents a more realistic indication of Current Ratio.

SECTION B

UNIT SIZE

20 - 39 COWS

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 106,954. or $ 3,289. on a per cow basis. This amount accounted for 87.2 percent of Total Farm Receipts. Of this amount, fluid milk represented 75.2 percent, manufactured milk 21.6 percent and milk subsidy 3.3 percent.

Livestock sales averaged 6.5 percent of Total Farm Receipts, while Miscellaneous Sales were 5.5 percent and Crop Sales were .8 percent.

Total Farm Receipts averaged $ 122,672. per farm or $ 3,773. on a per cow basis.

TABLE B-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 80,390.	$ 2,472.
Manufactured Milk Sales	23,073.	710.
Milk Subsidy	3,490.	107.
Livestock Sales	7,990.	246.
Crop Sales	979.	30.
Miscellaneous Sales	6,749.	208.
TOTAL FARM RECEIPTS	$ 122,672.	$ 3,773.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 87,918. per farm or $ 2,704. per cow. Purchased dairy feed was the largest expense item and accounted for 25.9 percent of this total.

Other major expenses were; interest at 13.8 percent, milk marketing at 7.5 percent, hired labour at 7.1 percent, crop expenses at 6.9 percent, and tractor and machinery expense at 6.7 percent.

TABLE B-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 3,600.	$ 111.
Dairy Feed	22,808.	701.
Livestock Purchases	2,035.	63.
Vet & Drugs	1,481.	46.
Breeding	1,316.	40.
Dairy Supplies	3,004.	92.
Milk Marketing	6,606.	203.
Crop Expense	6,078.	187.
Building & Fence Repair	2,351.	72.
Utilities	3,061.	94.
Tractor & Machinery Expense	5,887.	181.
Truck & Auto	2,382.	73.
Interest	12,111.	372.
Hired Labour	6,240.	192.
Taxes & Insurance	3,138.	97.
Custom Work	2,282.	70.
Rentals & Leases	901.	28.
Miscellaneous	2,635.	81.
TOTAL CASH EXPENSES	$ 87,918.	$ 2,704.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 34,754. per farm or $ 1,069. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 21,220. per farm or $ 653 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 11,790. per farm or $ 363. per cow.

TABLE B-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 122,672.	$ 3,773.
Total Cash Receipts	87,918.	2,704.
NET CASH INCOME	$ 34,754.	$ 1,069.
Plus: Inventory Change	$ 833.	$ 26.
Less: Depreciation	14,368.	442.
NET FARM INCOME	$ 21,220.	$ 653.
Less: Unpaid Family Labour	$ 1,958.	$ 60.
Interest on Equity @10%	7,471.	230.
LABOUR AND MANAGEMENT INCOME	$ 11,790.	$ 363.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 106,752. per farm or $ 3,283. per cow. On a per hectolitre of milk sold basis, this cost was $ 54.29 The return from the sale of milk averaged $ 54.39 leaving a net return over costs of $ .10 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 48.39, leaving a Net Return of $ 6.00 . This then would be the return to Operator Labour.

TABLE B-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 87,918.	$ 2,704.
Plus: Depreciation		14,368.	442.
Inventory Change		-833.	-26.
Interest on Equity @ 10%		7,471.	230.
Unpaid Family Labour		1,958.	60.
Operator Labour		11,589.	356.
Less: Sales (Excl. Milk)		15,718.	483.
NET COST OF PRODUCING MILK		$ 106,752.	$ 3,283.
Number of Cows	(#)	33	1
Total Litres of Milk Sold	(L)	196,650	6,048
Price Received per HL	($)	54.39	54.39
Cost of Producing Milk/HL	($)	54.29	54.29
NET RETURN PER HL	($)	.10	.10

PRODUCTION ANALYSIS

Total milk sales averaged 196,650 litres per farm. For farms in this group, 33 cows per farm was the average with milk sold per cow standing at 6,048 litres.

Fluid milk represented 70.7 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 75.2 percent of milk sales. Average blend price for all milk was 54.39 per hectolitre.

Purchased feed averaged $ 701. per cow or $ 11.60 per hectolitre of milk sold. These dollars represented 2,662 kilograms of feed per cow consumed.

TABLE B-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	33	1
Total Litres of Milk Sold	(L)	196,650	6,048
Value of Milk Sold	($)	106,954	3,289
Price Received per HL Milk	($)	54.39	54.39
Fluid Milk (L's as % of Total Milk)	(%)	70.7	70.7
Fluid Milk ($'s as % of Total Milk)	($)	75.2	75.2
Cost of Dairy Feed	($)	22,808	701
Feed Cost per HL Milk Sold	($)	11.60	11.60
Feed Cost as % of Total Cost	(%)	22.3	22.3
Feed Cost as % of Milk Cost	(%)	21.3	21.3
Kilograms of Feed/HL Milk	(Kgs)	44.01	44.01
Kilograms of Feed	(Kgs)	85,179	2,662
Pounds of Feed	(Lbs)	187,394	5,856

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 224,489. per farm or $ 6,904. per cow. Liabilities averaged $ 149,776. per farm and $ 4,606. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 74,713. per farm or $ 2,298. per cow.

TABLE B-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 36,009.	$ 1,107.
" " - Buildings	41,163.	1,266.
" " - Machinery	41,626.	1,280.
" " - Livestock	41,735.	1,284.
" " - Crops & Supp	9,099.	280.
" " - Milk Quota	39,168.	1,205.
" " - Acct's Rec'able	1,658.	51.
" " - Co-op Dairy Inv.	14,029.	431.
TOTAL INVENTORY VALUE - ASSETS	$ 224,489.	$ 6,904.
LIABILITIES:		
Short Term	$ 7,525.	$ 231.
Intermediate Term	24,136.	742.
Long Term	118,115.	3,633.
TOTAL LIABILITIES	$ 149,776.	$ 4,606.
EQUITY OR NET WORTH	$ 74,713.	$ 2,298.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 33.28 percent. Farms received a return to equity capital of 10.27 percent and a return to capital of 8.81 percent.

Capital Turnover averaged 1.82 years.

Total Assets to Total Liabilities ratio was 1.50 - for every dollar of debt there were 1.50 of assets.

Net Income as a percent of Gross Farm Income averaged 17.18 percent for this group of farms.

TABLE B-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	33.28
Return on Equity	(%)	10.27
Return on Invested Capital	(%)	8.81
Capital Turnover	(Yrs)	1.82
Current Assets/Current Liabilities	($)	8.84
Total Assets/Total Liabilities	($)	1.50
Total Liabilities/Equity	($)	2.00
Net Income/Gross Income	(%)	17.18

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 1.73 man equivalents; composed of 1.26 operator and unpaid family labour and .46 hired man equivalents.

For each man equivalent, 19 cows were maintained with 113,829 litres of milk sold at a value of $ 61,909.

Labour Income per man equivalent averaged $ 10,884.

TABLE B-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	33
Operator & Family Man Equivalents	(#)	1.26
Hired Man Equivalents	(#)	.46
Total Man Equivalents	(#)	1.73
Cows per Man Equivalent	(#)	19
Milk Sold per Man Equilivent	(L)	113,829
Milk Sold per Man Equivalent	($)	61,909
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	10,884

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 22.3 percent of Total Expenses. Other major expenses were; depreciation at 14.0 percent, interest at 11.8 percent, milk marketing at 6.5 percent, hired labour at 6.1 percent, crop expenses at 5.9 percent, and tractor and machinery at 5.8 percent of Total Expenses.

TABLE B-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 111.	3.5%
Dairy Feed	701.	22.3
Livestock Purchased	63.	2.0
Vet & Drugs	46.	1.4
Breeding	40.	1.3
Dairy Supplies	92.	2.9
Milk Marketing	203.	6.5
Crop Expenses	187.	5.9
Building & Fence Repairs	72.	2.3
Utilities	94.	3.0
Tractor & Machinery Expenses	181.	5.8
Truck & Auto Expenses	73.	2.3
Interest	372.	11.8
Hired Labour	192.	6.1
Taxes & Insurance	97.	3.1
Custom Work	70.	2.2
Rentals & Leases	28.	.9
Miscellaneous	81.	2.6
Depreciation	442.	14.0
TOTAL EXPENSES	$ 3,146.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE B-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,472.	$ 40.88	$ 18.01
Manufactured Milk	710.	11.73	5.17
Milk Subsidies	107.	1.77	.78
Livestock Sales	246.	4.06	1.79
Crop Sales	30.	.50	.22
Miscellaneous Sales	208.	3.43	1.51
TOTAL CASH RECEIPTS	$ 3,773.	$ 62.38	$ 27.48
Adj. for Inventory Change	$ 26.	$ .42	$ .19
TOTAL FARM RECEIPTS	$ 3,798.	$ 62.80	$ 27.67
EXPENSES:			
Milk Hauling	$ 111.	$ 1.83	$ .81
Dairy Feed	701.	11.60	5.11
Livestock Purchases	63.	1.03	.46
Vet & Drugs	46.	.75	.33
Breeding	40.	.67	.29
Dairy Supplies	92.	1.53	.67
Milk Marketing	203.	3.36	1.48
Crop Expenses	187.	3.09	1.36
Building & Fence Repair	72.	1.20	.53
Utilities	94.	1.56	.69
Tractor & Machinery Repair	181.	2.99	1.32
Truck & Auto Expense	73.	1.21	.53
Interest	372.	6.16	2.71
Hired Labour	192.	3.17	1.40
Taxes & Insurance	97.	1.60	.70
Custom Work	70.	1.16	.51
Rentals & Leases	28.	.46	.20
Miscellaneous	81.	1.34	.59
TOTAL CASH EXPENSES	$ 2,704.	$ 44.71	$ 19.69
Building Depreciation	$ 99.	$ 1.64	$ .72
Machinery Depreciation	342.	5.66	2.49
TOTAL DEPRECIATION	$ 442.	$ 7.31	$ 3.22
TOTAL FARM EXPENSES	$ 3,146.	$ 52.01	$ 22.91
NET FARM INCOME	$ 653.	$ 10.79	$ 4.75

SECTION C

UNIT SIZE

40-59 CONS

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 160,879. or $ 3,295. on a per cow basis. This amount accounted for 86.3 percent of Total Farm Receipts. Of this amount, fluid milk represented 72.7 percent, manufactured milk 24.0 percent and milk subsidy 3.3 percent.

Livestock sales averaged 7.5 percent of Total Farm Receipts, while Crop Sales were 1.2 percent and Miscellaneous Sales were 5.1 percent.

Total Farm Receipts averaged $ 186,386. per farm or $ 3,818. on a per cow basis.

TABLE C-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 116,905.	$ 2,395.
Manufactured Milk Sales	38,614.	791.
Milk Subsidy	5,360.	110.
Livestock Sales	13,905.	285.
Crop Sales	2,177.	45.
Miscellaneous Sales	9,426.	193.
TOTAL FARM RECEIPTS	$ 186,386.	$ 3,818.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 133,011. per farm or $ 2,725. per cow. Purchased dairy feed was the largest expense item and accounted for 27.2 percent of this total.

Other major expenses were; interest at 11.6 percent, hired labour at 10.4 percent, milk marketing at 7.7 percent, crop expenses at 7.3 percent, and tractor and machinery expense at 6.6 percent.

TABLE C-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 5,801.	$ 119.
Dairy Feed	36,150.	741.
Livestock Purchases	2,243.	46.
Vet & Drugs	1,946.	40.
Breeding	2,286.	47.
Dairy Supplies	3,811.	78.
Milk Marketing	10,186.	209.
Crop Expense	9,701.	199.
Building & Fence Repair	4,157.	85.
Utilities	3,920.	80.
Tractor & Machinery Expense	8,814.	181.
Truck & Auto	2,176.	45.
Interest	15,436.	316.
Hired Labour	13,767.	282.
Taxes & Insurance	3,934.	81.
Custom Work	3,031.	62.
Rentals & Leases	1,591.	33.
Miscellaneous	4,060.	83.
TOTAL CASH EXPENSES	$ 133,011.	$ 2,725.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 53,374. per farm or $ 1,094. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 33,295. per farm or $ 682 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 19,420. per farm or $ 398. per cow.

TABLE C-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 186,386.	$ 3,818.
Total Cash Receipts	133,011.	2,725.
NET CASH INCOME	$ 53,374.	$ 1,094.
Plus: Inventory Change	$ -1,013.	$ -21.
Less: Depreciation	19,066.	391.
NET FARM INCOME	$ 33,295.	$ 682.
Less: Unpaid Family Labour	$ 1,967.	$ 40.
Interest on Equity @10%	11,908.	244.
LABOUR AND MANAGEMENT INCOME	$ 19,420.	$ 398.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 156,418. per farm or $ 3,204. per cow. On a per hectolitre of milk sold basis, this cost was $ 52.05 The return from the sale of milk averaged $ 53.53 leaving a net return over costs of $ 1.48 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 47.07, leaving a Net Return of $ 6.46 . This then would be the return to Operator Labour.

TABLE C-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 133,011.	$ 2,725.
Plus: Depreciation		19,066.	391.
Inventory Change		1,013.	21.
Interest on Equity @ 10%		11,908.	244.
Unpaid Family Labour		1,967.	40.
Operator Labour		14,959.	306.
Less: Sales (Excl. Milk)		25,507.	522.
NET COST OF PRODUCING MILK		$ 156,418.	$ 3,204.
Number of Cows	(#)	49	1
Total Litres of Milk Sold	(L)	300,516	6,156
Price Received per HL	($)	53.53	53.53
Cost of Producing Milk/HL	($)	52.05	52.05
NET RETURN PER HL	($)	1.48	1.48

PRODUCTION ANALYSIS

Total milk sales averaged 300,516 litres per farm. For farms in this group, 49 cows per farm was the average with milk sold per cow standing at 6,156 litres.

Fluid milk represented 67.7 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 72.7 percent of milk sales. Average blend price for all milk was 53.53 per hectolitre.

Purchased feed averaged $ 741. per cow or $ 12.03 per hectolitre of milk sold. These dollars represented 2,947 kilograms of feed per cow consumed.

TABLE C-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	49	1
Total Litres of Milk Sold	(L)	300,516	6,156
Value of Milk Sold	($)	160,879	3,295
Price Received per HL Milk	($)	53.53	53.53
Fluid Milk (L's as % of Total Milk)	(%)	67.7	67.7
Fluid Milk ($'s as % of Total Milk)	($)	72.7	72.7
Cost of Dairy Feed	($)	36,150	741
Feed Cost per HL Milk Sold	($)	12.03	12.03
Feed Cost as % of Total Cost	(%)	23.8	23.8
Feed Cost as % of Milk Cost	(%)	22.5	22.5
Kilograms of Feed/HL Milk	(Kgs)	47.88	47.88
Kilograms of Feed	(Kgs)	141,474	2,947
Pounds of Feed	(Lbs)	311,243	6,484

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 296,471. per farm or $ 6,073. per cow. Liabilities averaged $ 177,395. per farm and $ 3,634. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 119,076. per farm or $ 2,439. per cow.

TABLE C-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 46,602.	$ 955.
" " - Buildings	51,460.	1,054.
" " - Machinery	55,971.	1,147.
" " - Livestock	70,546.	1,445.
" " - Crops & Supp	14,362.	294.
" " - Milk Quota	30,726.	629.
" " - Acct's Rec'able	923.	19.
" " - Co-op Dairy Inv.	25,880.	530.
TOTAL INVENTORY VALUE - ASSETS	$ 296,471.	$ 6,073.
LIABILITIES:		
Short Term	$ 14,682.	$ 301.
Intermediate Term	29,036.	595.
Long Term	133,676.	2,738.
TOTAL LIABILITIES	$ 177,395.	$ 3,634.
EQUITY OR NET WORTH	$ 119,076.	$ 2,439.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 40.16 percent. Farms received a return to equity capital of 13.75 percent and a return to capital of 10.73 percent.

Capital Turnover averaged 1.60 years.

Total Assets to Total Liabilities ratio was 1.67 - for every dollar of debt there were 1.67 of assets.

Net Income as a percent of Gross Farm Income averaged 17.96 percent for this group of farms.

TABLE C-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	40.16
Return on Equity	(%)	13.75
Return on Invested Capital	(%)	10.73
Capital Turnover	(Yrs)	1.60
Current Assets/Current Liabilities	($)	7.61
Total Assets/Total Liabilities	($)	1.67
Total Liabilities/Equity	($)	1.49
Net Income/Gross Income	(%)	17.96

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.21 man equivalents; composed of 1.33 operator and unpaid family labour and .87 hired man equivalents.

For each man equivalent, 22 cows were maintained with 136,243 litres of milk sold at a value of $ 72,937.

Labour Income per man equivalent averaged $ 16,039.

TABLE C-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	49
Operator & Family Man Equivalents	(#)	1.33
Hired Man Equivalents	(#)	.87
Total Man Equivalents	(#)	2.21
Cows per Man Equivalent	(#)	22
Milk Sold per Man Equilivent	(L)	136,243
Milk Sold per Man Equivalent	($)	72,937
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	16,039

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 23.8 percent of Total Expenses. Other major expenses were; depreciation at 12.5 percent, interest at 10.2 percent, hired labour at 9.1 percent, milk marketing at 6.7 percent, crop expenses at 6.4 percent, and tractor and machinery at 5.8 percent.

TABLE C-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 119.	3.8%
Dairy Feed	741.	23.8
Livestock Purchased	46.	1.5
Vet & Drugs	40.	1.3
Breeding	47.	1.5
Dairy Supplies	78.	2.5
Milk Marketing	209.	6.7
Crop Expenses	199.	6.4
Building & Fence Repairs	85.	2.7
Utilities	80.	2.6
Tractor & Machinery Expenses	181.	5.8
Truck & Auto Expenses	45.	1.4
Interest	316.	10.2
Hired Labour	282.	9.1
Taxes & Insurance	81.	2.6
Custom Work	62.	2.0
Rentals & Leases	33.	1.0
Miscellaneous	83.	2.7
Depreciation	391.	12.5
TOTAL EXPENSES	$ 3,115.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE C-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,395.	$ 38.90	$ 17.14
Manufactured Milk	791.	12.85	5.66
Milk Subsidies	110.	1.78	.79
Livestock Sales	285.	4.63	2.04
Crop Sales	45.	.72	.32
Miscellaneous Sales	193.	3.14	1.38
TOTAL CASH RECEIPTS	$ 3,818.	$ 62.02	$ 27.32
Adj. for Inventory Change	$ -21.	$ -.34	$ -.15
TOTAL FARM RECEIPTS	$ 3,797.	$ 61.68	$ 27.17
EXPENSES:			
Milk Hauling	$ 119.	$ 1.93	$ .85
Dairy Feed	741.	12.03	5.30
Livestock Purchases	46.	.75	.33
Vet & Drugs	40.	.65	.29
Breeding	47.	.76	.34
Dairy Supplies	78.	1.27	.56
Milk Marketing	209.	3.39	1.49
Crop Expenses	199.	3.23	1.42
Building & Fence Repair	85.	1.38	.61
Utilities	80.	1.30	.57
Tractor & Machinery Repair	181.	2.93	1.29
Truck & Auto Expense	45.	.72	.32
Interest	316.	5.14	2.26
Hired Labour	282.	4.58	2.02
Taxes & Insurance	81.	1.31	.58
Custom Work	62.	1.01	.44
Rentals & Leases	33.	.53	.23
Miscellaneous	83.	1.35	.60
TOTAL CASH EXPENSES	$ 2,725.	$ 44.26	$ 19.50
Building Depreciation	$ 87.	$ 1.41	$ .62
Machinery Depreciation	304.	4.93	2.17
TOTAL DEPRECIATION	$ 391.	$ 6.34	$ 2.79
TOTAL FARM EXPENSES	$ 3,115.	$ 50.61	$ 22.29
NET FARM INCOME	$ 682.	$ 11.08	$ 4.88

SECTION D

UNIT SIZE

60 - 99 COWS

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 251,375. or $ 3,317. on a per cow basis. This amount accounted for 85.6 percent of Total Farm Receipts. Of this amount, fluid milk represented 73.3 percent, manufactured milk 23.4 percent and milk subsidy 3.3 percent.

Livestock sales averaged 7.9 percent of Total Farm Receipts, while Miscellaneous Sales were 5.7 percent and Crop Sales were .8 percent.

Total Farm Receipts averaged $ 293,736. per farm or $ 3,876. on a per cow basis.

TABLE D-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 184,150.	$ 2,430.
Manufactured Milk Sales	58,894.	777.
Milk Subsidy	8,332.	110.
Livestock Sales	23,317.	308.
Crop Sales	2,441.	32.
Miscellaneous Sales	16,604.	219.
TOTAL FARM RECEIPTS	$ 293,736.	$ 3,876.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 211,584. per farm or $ 2,792. per cow. Purchased dairy feed was the largest expense item and accounted for 24.8 percent of this total.

Other major expenses were; interest at 11.9 percent, hired labour at 11.6 percent, crop expenses at 7.3 percent, tractor and machinery expense at 7.2 percent, and milk marketing at 6.6 percent.

TABLE D-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 8,615.	$ 114.
Dairy Feed	52,504.	693.
Livestock Purchases	7,170.	95.
Vet & Drugs	2,957.	39.
Breeding	2,733.	36.
Dairy Supplies	6,592.	87.
Milk Marketing	13,943.	184.
Crop Expense	15,479.	204.
Building & Fence Repair	5,635.	74.
Utilities	5,292.	70.
Tractor & Machinery Expense	15,135.	200.
Truck & Auto	3,612.	48.
Interest	25,096.	331.
Hired Labour	24,563.	324.
Taxes & Insurance	5,238.	69.
Custom Work	6,754.	89.
Rentals & Leases	2,995.	40.
Miscellaneous	7,274.	96.
TOTAL CASH EXPENSES	$ 211,584.	$ 2,792.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 82,151. per farm or $ 1,085. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 47,583. per farm or $ 628 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 26,383. per farm or $ 348. per cow.

TABLE D-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 293,736.	$ 3,876.
Total Cash Receipts	211,584.	2,792.
NET CASH INCOME	$ 82,151.	$ 1,085.
Plus: Inventory Change	$ -2,380.	$ -31.
Less: Depreciation	32,189.	425.
NET FARM INCOME	$ 47,583.	$ 628.
Less: Unpaid Family Labour	$ 3,054.	$ 40.
Interest on Equity @10%	18,146.	239.
LABOUR AND MANAGEMENT INCOME	$ 26,383.	$ 348.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 244,880. per farm or $ 3,232. per cow. On a per hectolitre of milk sold basis, this cost was $ 52.14 The return from the sale of milk averaged $ 53.52 leaving a net return over costs of $ 1.38 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 47.91, leaving a Net Return of $ 5.62 . This then would be the return to Operator Labour.

TABLE D-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 211,584.	$ 2,792.
Plus: Depreciation		32,189.	425.
Inventory Change		2,380.	31.
Interest on Equity @ 10%		18,146.	239.
Unpaid Family Labour		3,054.	40.
Operator Labour		19,887.	262.
Less: Sales (Excl. Milk)		42,361.	559.
NET COST OF PRODUCING MILK		$ 244,880.	$ 3,232.
Number of Cows	(#)	76	1
Total Litres of Milk Sold	(L)	469,646	6,198
Price Received per HL	($)	53.52	53.52
Cost of Producing Milk/HL	($)	52.14	52.14
NET RETURN PER HL	($)	1.38	1.38

PRODUCTION ANALYSIS

Total milk sales averaged 469,646 litres per farm. For farms in this group, 76 cows per farm was the average with milk sold per cow standing at 6,198 litres.

Fluid milk represented 68.3 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 73.3 percent of milk sales. Average blend price for all milk was 53.52 per hectolitre.

Purchased feed averaged $ 693. per cow or $ 11.18 per hectolitre of milk sold. These dollars represented 2,749 kilograms of feed per cow consumed.

TABLE D-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	76	1
Total Litres of Milk Sold	(L)	469,646	6,198
Value of Milk Sold	($)	251,375	3,317
Price Received per HL Milk	($)	53.52	53.52
Fluid Milk (L's as % of Total Milk)	(%)	68.3	68.3
Fluid Milk ($'s as % of Total Milk)	($)	73.3	73.3
Cost of Dairy Feed	($)	52,504	693
Feed Cost per HL Milk Sold	($)	11.18	11.18
Feed Cost as % of Total Cost	(%)	21.5	21.5
Feed Cost as % of Milk Cost	(%)	20.9	20.9
Kilograms of Feed/HL Milk	(Kgs)	44.35	44.35
Kilograms of Feed	(Kgs)	206,168	2,749
Pounds of Feed	(Lbs)	453,569	6,048

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 469,572. per farm or $ 6,197. per cow. Liabilities averaged $ 288,110. per farm and $ 3,802. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 181,462. per farm or $ 2,395. per cow.

TABLE D-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 57,086.	$ 753.
" " - Buildings	77,854.	1,027.
" " - Machinery	101,133.	1,335.
" " - Livestock	109,029.	1,439.
" " - Crops & Supp	23,295.	307.
" " - Milk Quota	62,593.	826.
" " - Acct's Rec'able	2,472.	33.
" " - Co-op Dairy Inv.	36,110.	477.
TOTAL INVENTORY VALUE - ASSETS	$ 469,572.	$ 6,197.
LIABILITIES:		
Short Term	$ 20,486.	$ 270.
Intermediate Term	65,119.	859.
Long Term	202,505.	2,672.
TOTAL LIABILITIES	$ 288,110.	$ 3,802.
EQUITY OR NET WORTH	$ 181,462.	$ 2,395.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 38.64 percent. Farms received a return to equity capital of 13.58 percent and a return to capital of 10.59 percent.

Capital Turnover averaged 1.61 years.

Total Assets to Total Liabilities ratio was 1.63 - for every dollar of debt there were 1.63 of assets.

Net Income as a percent of Gross Farm Income averaged 16.33 percent for this group of farms.

TABLE D-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	38.64
Return on Equity	(%)	13.58
Return on Invested Capital	(%)	10.59
Capital Turnover	(Yrs)	1.61
Current Assets/Current Liabilities	(S)	8.34
Total Assets/Total Liabilities	(S)	1.63
Total Liabilities/Equity	(S)	1.59
Net Income/Gross Income	(%)	16.33

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 3.10 man equivalents; composed of 1.59 operator and unpaid family labour and 1.51 hired man equivalents.

For each man equivalent, 24 cows were maintained with 151,641 litres of milk sold at a value of $ 81,165.

Labour Income per man equivalent averaged $ 18,560.

TABLE D-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	76
Operator & Family Man Equivalents	(#)	1.59
Hired Man Equivalents	(#)	1.51
Total Man Equivalents	(#)	3.10
Cows per Man Equivalent	(#)	24
Milk Sold per Man Equilivent	(L)	151,641
Milk Sold per Man Equivalent	($)	81,165
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	18,560

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 21.5 percent of Total Expenses. Other major expenses were; depreciation at 13.2 percent, interest at 10.3 percent, hired labour at 10.1 percent, crop expenses at 6.3 percent, tractor and machinery at 6.2 percent and milk marketing at 5.7 percent of Total Expenses.

TABLE D-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 114.	3.5%
Dairy Feed	693.	21.5
Livestock Purchased	95.	2.9
Vet & Drugs	39.	1.2
Breeding	36.	1.1
Dairy Supplies	87.	2.7
Milk Marketing	184.	5.7
Crop Expenses	204.	6.3
Building & Fence Repairs	74.	2.3
Utilities	70.	2.2
Tractor & Machinery Expenses	200.	6.2
Truck & Auto Expenses	48.	1.5
Interest	331.	10.3
Hired Labour	324.	10.1
Taxes & Insurance	69.	2.1
Custom Work	89.	2.8
Rentals & Leases	40.	1.2
Miscellaneous	96.	3.0
Depreciation	425.	13.2
TOTAL EXPENSES	$ 3,217.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE D-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,430.	$ 39.21	$ 17.27
Manufactured Milk	777.	12.54	5.52
Milk Subsidies	110.	1.77	.78
Livestock Sales	308.	4.96	2.19
Crop Sales	32.	.52	.23
Miscellaneous Sales	219.	3.54	1.56
TOTAL CASH RECEIPTS	$ 3,876.	$ 62.54	$ 27.55
Adj. for Inventory Change	$ -31.	$ -.51	$ -.22
TOTAL FARM RECEIPTS	$ 3,845.	$ 62.04	$ 27.33
EXPENSES:			
Milk Hauling	$ 114.	$ 1.83	$ .81
Dairy Feed	693.	11.18	4.92
Livestock Purchases	95.	1.53	.67
Vet & Drugs	39.	.63	.28
Breeding	36.	.58	.26
Dairy Supplies	87.	1.40	.62
Milk Marketing	184.	2.97	1.31
Crop Expenses	204.	3.30	1.45
Building & Fence Repair	74.	1.20	.53
Utilities	70.	1.13	.50
Tractor & Machinery Repair	200.	3.22	1.42
Truck & Auto Expense	48.	.77	.34
Interest	331.	5.34	2.35
Hired Labour	324.	5.23	2.30
Taxes & Insurance	69.	1.12	.49
Custom Work	89.	1.44	.63
Rentals & Leases	40.	.64	.28
Miscellaneous	96.	1.55	.68
TOTAL CASH EXPENSES	$ 2,792.	$ 45.05	$ 19.85
Building Depreciation	$ 88.	$ 1.43	$ .63
Machinery Depreciation	336.	5.43	2.39
TOTAL DEPRECIATION	$ 425.	$ 6.85	$ 3.02
TOTAL FARM EXPENSES	$ 3,217.	$ 51.91	$ 22.87
NET FARM INCOME	$ 628.	$ 10.13	$ 4.46

SECTION E

UNIT SIZE

100 + COWS

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 415,638. or $ 3,205. on a per cow basis. This amount accounted for 85.0 percent of Total Farm Receipts. Of this amount, fluid milk represented 68.4 percent, manufactured milk 27.4 percent and milk subsidy 4.2 percent.

Livestock sales averaged 7.5 percent of Total Farm Receipts, while Miscellaneous Sales were 6.7 percent and Crop Sales were .8 percent.

Total Farm Receipts averaged $ 489,092. per farm or $ 3,771. on a per cow basis.

TABLE E-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 284,324.	$ 2,192.
Manufactured Milk Sales	113,935.	879.
Milk Subsidy	17,379.	134.
Livestock Sales	36,844.	284.
Crop Sales	3,997.	31.
Miscellaneous Sales	32,614.	251.
TOTAL FARM RECEIPTS	$ 489,092.	$ 3,771.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 334,142. per farm or $ 2,577. per cow. Purchased dairy feed was the largest expense item and accounted for 27.6 percent of this total.

Other major expenses were; hired labour at 13.0 percent,tractor and machinery expense at 8.3 percent, interest at 8.2 percent, milk marketing at 8.1 percent, and crop expenses at 7.2 percent.

TABLE E-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 14,409.	$ 111.
Dairy Feed	92,083.	710.
Livestock Purchases	2,442.	19.
Vet & Drugs	4,844.	37.
Breeding	4,974.	38.
Dairy Supplies	8,155.	63.
Milk Marketing	27,043.	209.
Crop Expense	24,053.	185.
Building & Fence Repair	7,992.	62.
Utilities	8,239.	64.
Tractor & Machinery Expense	27,682.	213.
Truck & Auto	4,209.	32.
Interest	27,285.	210.
Hired Labour	43,446.	335.
Taxes & Insurance	8,263.	64.
Custom Work	7,954.	61.
Rentals & Leases	7,254.	56.
Miscellaneous	13,816.	107.
TOTAL CASH EXPENSES	$ 334,142.	$ 2,577.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 154,949. per farm or $ 1,195. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 103,093. per farm or $ 795 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 66,619. per farm or $ 514. per cow.

TABLE E-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 489,092.	$ 3,771.
Total Cash Receipts	334,142.	2,577.
NET CASH INCOME	$ 154,949.	$ 1,195.
Plus: Inventory Change	$ -6,132.	$ -47.
Less: Depreciation	45,724.	353.
NET FARM INCOME	$ 103,093.	$ 795.
Less: Unpaid Family Labour	$ 3,117.	$ 24.
Interest on Equity @10%	33,358.	257.
LABOUR AND MANAGEMENT INCOME	$ 66,619.	$ 514.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 379,758. per farm or $ 2,928. per cow. On a per hectolitre of milk sold basis, this cost was $ 48.56 The return from the sale of milk averaged $ 53.15 leaving a net return over costs of $ 4.59 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 44.63, leaving a Net Return of $ 8.52 . This then would be the return to Operator Labour.

TABLE E-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 334,142.	$ 2,577.
Plus: Depreciation		45,724.	353.
Inventory Change		6,132.	47.
Interest on Equity @ 10%		33,358.	257.
Unpaid Family Labour		3,117.	24.
Operator Labour		30,739.	237.
Less: Sales (Excl. Milk)		73,454.	566.
NET COST OF PRODUCING MILK		$ 379,758.	$ 2,928.
Number of Cows	(#)	130	1
Total Litres of Milk Sold	(L)	782,054	6,030
Price Received per HL	($)	53.15	53.15
Cost of Producing Milk/HL	($)	48.56	48.56
NET RETURN PER HL	($)	4.59	4.59

PRODUCTION ANALYSIS

Total milk sales averaged 782,054 litres per farm. For farms in this group, 130 cows per farm was the average with milk sold per cow standing at 6,030 litres.

Fluid milk represented 63.2 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 68.4 percent of milk sales. Average blend price for all milk was 53.15 per hectolitre.

Purchased feed averaged $ 710. per cow or $ 11.77 per hectolitre of milk sold. These dollars represented 3,041 kilograms of feed per cow consumed.

TABLE E-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	130	1
Total Litres of Milk Sold	(L)	782,054	6,030
Value of Milk Sold	($)	415,638	3,205
Price Received per HL Milk	($)	53.15	53.15
Fluid Milk (L's as % of Total Milk)	(%)	63.2	63.2
Fluid Milk ($'s as % of Total Milk)	($)	68.4	68.4
Cost of Dairy Feed	($)	92,083	710
Feed Cost per HL Milk Sold	($)	11.77	11.77
Feed Cost as % of Total Cost	(%)	24.2	24.2
Feed Cost as % of Milk Cost	(%)	22.2	22.2
Kilograms of Feed/HL Milk	(Kgs)	50.43	50.43
Kilograms of Feed	(Kgs)	392,333	3,041
Pounds of Feed	(Lbs)	863,133	6,691

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 623,611. per farm or $ 4,809. per cow. Liabilities averaged $ 290,031. per farm and $ 2,236. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 333,580. per farm or $ 2,572. per cow.

TABLE E-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 81,961.	$ 632.
" " - Buildings	107,681.	830.
" " - Machinery	130,842.	1,009.
" " - Livestock	162,842.	1,256.
" " - Crops & Supp	40,539.	313.
" " - Milk Quota	40,152.	310.
" " - Acct's Rec'able	5,354.	41.
" " - Co-op Dairy Inv.	54,241.	418.
TOTAL INVENTORY VALUE - ASSETS	$ 623,611.	$ 4,809.
LIABILITIES:		
Short Term	$ 17,360.	$ 134.
Intermediate Term	88,298.	681.
Long Term	184,372.	1,422.
TOTAL LIABILITIES	$ 290,031.	$ 2,236.
EQUITY OR NET WORTH	$ 333,580.	$ 2,572.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 53.49 percent. Farms received a return to equity capital of 20.76 percent and a return to capital of 15.48 percent.

Capital Turnover averaged 1.29 years.

Total Assets to Total Liabilities ratio was 2.15 - for every dollar of debt there were 2.15 of assets.

Net Income as a percent of Gross Farm Income averaged 21.35 percent for this group of farms.

TABLE E-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	53.49
Return on Equity	(%)	20.76
Return on Invested Capital	(%)	15.48
Capital Turnover	(Yrs)	1.29
Current Assets/Current Liabilities	($)	15.15
Total Assets/Total Liabilities	($)	2.15
Total Liabilities/Equity	($)	.87
Net Income/Gross Income	(%)	21.35

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 4.32 man equivalents; composed of 2.04 operator and unpaid family labour and 2.28 hired man equivalents.

For each man equivalent, 30 cows were maintained with 180,942 litres of milk sold at a value of $ 96,165.

Labour Income per man equivalent averaged $ 34,173.

TABLE E-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	130
Operator & Family Man Equivalents	(#)	2.04
Hired Man Equivalents	(#)	2.28
Total Man Equivalents	(#)	4.32
Cows per Man Equivalent	(#)	30
Milk Sold per Man Equilivent	(L)	180,942
Milk Sold per Man Equivalent	($)	96,165
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	34,173

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 24.2 percent of Total Expenses. Other major expenses were; depreciation at 12.0 percent, hired labour at 11.4 percent, tractor and machinery at 7.3 percent, interest at 7.2 percent, milk marketing at 7.1 percent, and crop expenses at 6.3 percent of Total Expenses.

TABLE E-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 111.	3.8%
Dairy Feed	710.	24.2
Livestock Purchased	19.	.6
Vet & Drugs	37.	1.3
Breeding	38.	1.3
Dairy Supplies	63.	2.1
Milk Marketing	209.	7.1
Crop Expenses	185.	6.3
Building & Fence Repairs	62.	2.1
Utilities	64.	2.2
Tractor & Machinery Expenses	213.	7.3
Truck & Auto Expenses	32.	1.1
Interest	210.	7.2
Hired Labour	335.	11.4
Taxes & Insurance	64.	2.2
Custom Work	61.	2.1
Rentals & Leases	56.	1.9
Miscellaneous	107.	3.6
Depreciation	353.	12.0
TOTAL EXPENSES	$ 2,929.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE E-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,192.	$ 36.36	$ 16.02
Manufactured Milk	879.	14.57	6.42
Milk Subsidies	134.	2.22	.98
Livestock Sales	284.	4.71	2.08
Crop Sales	31.	.51	.23
Miscellaneous Sales	251.	4.17	1.84
TOTAL CASH RECEIPTS	$ 3,771.	$ 62.54	$ 27.55
Adj. for Inventory Change	$ -47.	$ -.78	$ -.35
TOTAL FARM RECEIPTS	$ 3,724.	$ 61.76	$ 27.20
EXPENSES:			
Milk Hauling	$ 111.	$ 1.84	$ .81
Dairy Feed	710.	11.77	5.19
Livestock Purchases	19.	.31	.14
Vet & Drugs	37.	.62	.27
Breeding	38.	.64	.28
Dairy Supplies	63.	1.04	.46
Milk Marketing	209.	3.46	1.52
Crop Expenses	185.	3.08	1.35
Building & Fence Repair	62.	1.02	.45
Utilities	64.	1.05	.46
Tractor & Machinery Repair	213.	3.54	1.56
Truck & Auto Expense	32.	.54	.24
Interest	210.	3.49	1.54
Hired Labour	335.	5.56	2.45
Taxes & Insurance	64.	1.06	.47
Custom Work	61.	1.02	.45
Rentals & Leases	56.	.93	.41
Miscellaneous	107.	1.77	.78
TOTAL CASH EXPENSES	$ 2,577.	$ 42.73	$ 18.82
Building Depreciation	$ 79.	$ 1.31	$ .58
Machinery Depreciation	274.	4.54	2.00
TOTAL DEPRECIATION	$ 353.	$ 5.85	$ 2.58
TOTAL FARM EXPENSES	$ 2,929.	$ 48.57	$ 21.40
NET FARM INCOME	$ 795.	$ 13.18	$ 5.81

SECTION F

ANALYSIS

OF

ALL FARMS

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $ 206,866. or $ 3,280. on a per cow basis. This amount accounted for 85.8 percent of Total Farm Receipts. Of this amount, fluid milk represented 72.1 percent, manufactured milk 24.3 percent and milk subsidy 3.5 percent.

Livestock sales averaged 7.5 percent of Total Farm Receipts, while Miscellaneous Sales were 5.7 percent and Crop Sales were .9 percent.

Total Farm Receipts averaged $ 241,059. per farm or $ 3,822. on a per cow basis.

TABLE F-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 149,245.	$ 2,366.
Manufactured Milk Sales	50,328.	798.
Milk Subsidy	7,293.	116.
Livestock Sales	18,181.	288.
Crop Sales	2,196.	35.
Miscellaneous Sales	13,816.	219.
TOTAL FARM RECEIPTS	$ 241,059.	$ 3,822.

EXPENSES

Total Cash Expenses for farms in this group averaged $ 170,898. per farm or $ 2,710. per cow. Purchased dairy feed was the largest expense item and accounted for 26.2 percent of this total.

Other major expenses were; interest at 11.1 percent, hired labour at 11.1 percent, milk marketing at 7.3 percent, crop expenses at 7.2 percent, and tractor and machinery expense at 7.2 percent.

TABLE F-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 7,191.	$ 114.
Dairy Feed	44,818.	711.
Livestock Purchases	3,722.	59.
Vet & Drugs	2,499.	40.
Breeding	2,521.	40.
Dairy Supplies	5,000.	79.
Milk Marketing	12,545.	199.
Crop Expense	12,361.	196.
Building & Fence Repair	4,649.	74.
Utilities	4,663.	74.
Tractor & Machinery Expense	12,356.	196.
Truck & Auto	2,911.	46.
Interest	19,046.	302.
Hired Labour	18,907.	300.
Taxes & Insurance	4,673.	74.
Custom Work	4,592.	73.
Rentals & Leases	2,548.	40.
Miscellaneous	5,896.	93.
TOTAL CASH EXPENSES	$ 170,898.	$ 2,710.

Income Summary

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $ 70,161. per farm or $ 1,113. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $ 43,325. per farm or $ 687 on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $ 25,505. per farm or $ 404. per cow.

TABLE F-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 241,059.	$ 3,822.
Total Cash Receipts	170,898.	2,710.
NET CASH INCOME	$ 70,161.	$ 1,113.
Plus: Inventory Change	$ -1,619.	$ -26.
Less: Depreciation	25,217.	400.
NET FARM INCOME	$ 43,325.	$ 687.
Less: Unpaid Family Labour	$ 2,437.	$ 39.
Interest on Equity @10%	15,383.	244.
LABOUR AND MANAGEMENT INCOME	$ 25,505.	$ 404.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $ 198,551. per farm or $ 3,148. per cow. On a per hectolitre of milk sold basis, this cost was $ 51.39 The return from the sale of milk averaged $ 53.54 leaving a net return over costs of $ 2.15 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $ 46.94, leaving a Net Return of $ 6.60 . This then would be the return to Operator Labour.

TABLE F-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 170,898.	$ 2,710.
Plus: Depreciation		25,217.	400.
Inventory Change		1,619.	26.
Interest on Equity @ 10%		15,383.	244.
Unpaid Family Labour		2,437.	39.
Operator Labour		17,190.	273.
Less: Sales (Excl. Milk)		34,193.	542.
NET COST OF PRODUCING MILK		$ 198,551.	$ 3,148.
Number of Cows	(#)	63	1
Total Litres of Milk Sold	(L)	386,394	6,127
Price Received per HL	($)	53.54	53.54
Cost of Producing Milk/HL	($)	51.39	51.39
NET RETURN PER HL	($)	2.15	2.15

PRODUCTION ANALYSIS

Total milk sales averaged 386,394 litres per farm. For farms in this group, 63 cows per farm was the average with milk sold per cow standing at 6,127 litres.

Fluid milk represented 67.2 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 72.1 percent of milk sales. Average blend price for all milk was 53.54 per hectolitre.

Purchased feed averaged $ 711. per cow or $ 11.60 per hectolitre of milk sold. These dollars represented 2,863 kilograms of feed per cow consumed.

TABLE F-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	63	1
Total Litres of Milk Sold	(L)	386,394	6,127
Value of Milk Sold	($)	206,866	3,280
Price Received per HL Milk	($)	53.54	53.54
Fluid Milk (L's as % of Total Milk)	(%)	67.2	67.2
Fluid Milk ($'s as % of Total Milk)	($)	72.1	72.1
Cost of Dairy Feed	($)	44,818	711
Feed Cost per HL Milk Sold	($)	11.60	11.60
Feed Cost as % of Total Cost	(%)	22.9	22.9
Feed Cost as % of Milk Cost	(%)	21.7	21.7
Kilograms of Feed/HL Milk	(Kgs)	46.74	46.74
Kilograms of Feed	(Kgs)	180,390	2,863
Pounds of Feed	(Lbs)	396,857	6,299

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owners capital investment in the business.

For this group of farms, assets amounted to $ 372,248. per farm or $ 5,902. per cow. Liabilities averaged $ 218,422. per farm and $ 3,463. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $ 153,826. per farm or $ 2,439. per cow.

TABLE F-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 51,615.	$ 818.
" " - Buildings	63,949.	1,014.
" " - Machinery	75,511.	1,197.
" " - Livestock	86,751.	1,376.
" " - Crops & Supp	19,042.	302.
" " - Milk Quota	43,605.	691.
" " - Acct's Rec'able	2,111.	33.
" " - Co-op Dairy Inv.	29,663.	470.
TOTAL INVENTORY VALUE - ASSETS	$ 372,248.	$ 5,902.
LIABILITIES:		
Short Term	$ 15,088.	$ 239.
Intermediate Term	46,132.	731.
Long Term	157,202.	2,493.
TOTAL LIABILITIES	$ 218,422.	$ 3,463.
EQUITY OR NET WORTH	$ 153,826.	$ 2,439.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 41.32 percent. Farms received a return to equity capital of 15.41 percent and a return to capital of 11.48 percent.

Capital Turnover averaged 1.55 years.

Total Assets to Total Liabilities ratio was 1.70 - for every dollar of debt there were 1.70 of assets.

Net Income as a percent of Gross Farm Income averaged 18.09 percent for this group of farms.

TABLE F-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	41.32
Return on Equity	(%)	15.41
Return on Invested Capital	(%)	11.48
Capital Turnover	(Yrs)	1.55
Current Assets/Current Liabilities	($)	9.12
Total Assets/Total Liabilities	($)	1.70
Total Liabilities/Equity	($)	1.42
Net Income/Gross Income	(%)	18.09

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.68 man equivalents; composed of 1.48 operator and unpaid family labour and 1.20 hired man equivalents.

For each man equivalent, 24 cows were maintained with 144,218 litres of milk sold at a value of $ 77,211.

Labour Income per man equivalent averaged $ 18,876.

TABLE F-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	63
Operator & Family Man Equivalents	(#)	1.48
Hired Man Equivalents	(#)	1.20
Total Man Equivalents	(#)	2.68
Cows per Man Equivalent	(#)	24
Milk Sold per Man Equilivent	(L)	144,218
Milk Sold per Man Equivalent	($)	77,211
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	18,876

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 22.9 percent of Total Expenses. Other major expenses were; depreciation at 12.9 percent, interest at 9.7 percent, hired labour at 9.6 percent, milk marketing at 6.4 percent, crop expenses at 6.3 percent, and tractor and machinery at 6.3 percent of Total Expenses.

TABLE F-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 114.	3.7%
Dairy Feed	711.	22.9
Livestock Purchased	59.	1.9
Vet & Drugs	40.	1.3
Breeding	40.	1.3
Dairy Supplies	79.	2.5
Milk Marketing	199.	6.4
Crop Expenses	196.	6.3
Building & Fence Repairs	74.	2.4
Utilities	74.	2.4
Tractor & Machinery Expenses	196.	6.3
Truck & Auto Expenses	46.	1.5
Interest	302.	9.7
Hired Labour	300.	9.6
Taxes & Insurance	74.	2.4
Custom Work	73.	2.3
Rentals & Leases	40.	1.3
Miscellaneous	93.	3.0
Depreciation	400.	12.9
TOTAL EXPENSES	$ 3,110.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE F-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,366.	$ 38.63	$ 17.02
Manufactured Milk	798.	13.03	5.74
Milk Subsidies	116.	1.89	.83
Livestock Sales	288.	4.71	2.07
Crop Sales	35.	.57	.25
Miscellaneous Sales	219.	3.58	1.58
TOTAL CASH RECEIPTS	$ 3,822.	$ 62.39	$ 27.48
Adj. for Inventory Change	$ -26.	$ -.42	$ -.18
TOTAL FARM RECEIPTS	$ 3,796.	$ 61.97	$ 27.30
EXPENSES:			
Milk Hauling	$ 114.	$ 1.86	$ .82
Dairy Feed	711.	11.60	5.11
Livestock Purchases	59.	.96	.42
Vet & Drugs	40.	.65	.28
Breeding	40.	.65	.29
Dairy Supplies	79.	1.29	.57
Milk Marketing	199.	3.25	1.43
Crop Expenses	196.	3.20	1.41
Building & Fence Repair	74.	1.20	.53
Utilities	74.	1.21	.53
Tractor & Machinery Repair	196.	3.20	1.41
Truck & Auto Expense	46.	.75	.33
Interest	302.	4.93	2.17
Hired Labour	300.	4.89	2.16
Taxes & Insurance	74.	1.21	.53
Custom Work	73.	1.19	.52
Rentals & Leases	40.	.66	.29
Miscellaneous	93.	1.53	.67
TOTAL CASH EXPENSES	$ 2,710.	$ 44.23	$ 19.48
Building Depreciation	$ 87.	$ 1.42	$ .63
Machinery Depreciation	313.	5.11	2.25
TOTAL DEPRECIATION	$ 400.	$ 6.53	$ 2.88
TOTAL FARM EXPENSES	$ 3,110.	$ 50.76	$ 22.36
NET FARM INCOME	$ 687.	$ 11.21	$ 4.94

SECTION G

NET FARM INCOME

ANALYSIS

One of the key factors studied when analyzing a farm business is Net Farm Income. This factor is important as it provides the return to the operator for his labour and management skills along with a return to equity capital in the business. A study of the various groupings below can provide some indication of why there are such wide variations in the Net Farm Incomes of the farms in this summary.

The one hundred and thirty-one (131) farms in the summary were reorganized into three groupings based on Net Farm Income per Cow. These groups were - (1) the high 25 percent Net Farm Income per Cow Farms, (2) the middle 50 percent Net Farm Income per Cow Farms and (3) the low 25 percent Net Farm Income per Cow Farms.

Similiar assumptions regarding Interest on Equity, Operator and Family Labour were made for this section as were made throughout the summary.

Table G-1 provides data on a per farm basis, while Table G-2 provides the data on a per cow basis.

A review of the tables shows that the High Net Farm Income per Cow group and the Medium Net Farm Income per Cow group received a return to all factors of production at the assumed levels. The low group did not receive a return sufficient to meet all costs.

The High Net Farm Income Group had Net Income per cow of $1222., while the middle and low groups averaged $638. and $151. respectively.

Return on Equity averaged 23.2 percent for the high group, while the middle and low groups averaged 18.6 and 4.9 respectively.

Net Income as a percent of Gross Income averaged 29.2 percent for the High Group , 16.9 for the Middle Group, and 4.5 for the Low Group.

TABLE - G-1

HIGH,MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$ 183,240	$ 141,989	$ 129,542
Industrial Milk	62,404	46,457	45,878
Milk Subsidies	9,581	6,621	6,327
Livestock Sales	22,082	17,559	15,503
Crop Sales	3,112	2,356	965
Miscellaneous Sales	17,746	13,394	10,719
TOTAL CASH RECEIPTS	$ 298,165	$ 228,377	$ 208,934
Adj.for Inventory Change	$ 2,596	$ -2,721	$ -3,664
TOTAL FARM RECEIPTS	$ 300,761	$ 225,656	$ 205,270
EXPENSES:			
Milk Hauling	$ 8,881	$ 6,836	$ 6,200
Dairy Feed	53,201	43,885	38,273
Livestock Purchases	1,830	4,473	4,138
Vet and Drugs	2,873	2,510	2,102
Breeding	3,172	2,405	2,099
Dairy Supplies	5,515	4,743	4,991
Milk Marketing	14,182	11,520	12,926
Crop Expenses	13,679	11,663	12,418
Bldg.-Fence Repair	3,918	4,909	4,868
Utilities	5,164	4,484	4,516
Tract-Mach.Repair	13,317	11,162	13,746
Truck and Auto Exp	3,334	2,878	2,553
Interest	14,848	19,272	22,799
Hired Labor	19,845	17,945	19,864
Taxes & Insurance	5,120	4,434	4,694
Custom Work	6,008	3,679	4,975
Rentals & Leases	3,135	2,239	2,570
Miscellaneous	6,341	5,533	6,165
TOTAL CASH EXPENSES	$ 184,362	$ 164,570	$ 169,897

TABLE G-1 (Cont'd)

HIGH,MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Bldg.Deprec.		$ 6,412	$ 4,875	$ 5,763
Mach.Deprec.		$ 22,255	$ 18,114	$ 20,394
TOTAL DEPRECIATION		$ 28,667	$ 22,989	$ 26,157
TOTAL FARM EXPENSES		$ 213,029	$ 187,559	$ 196,054
NET FARM INCOME		$ 87,732	$ 38,097	$ 9,216
Total Farm Expense		$ 213,029	$ 187,559	$ 196,054
Plus: Interest on Equity		25,752	12,960	9,785
Unpaid Family Labor		2,099	2,486	2,678
Operator Labor		20,311	17,069	14,436
Less: Sales (Excl. Milk)		42,940	33,309	27,187
NET COST OF PROD. MILK		$ 218,251	$ 186,764	$ 195,766
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	72	60	61
Litres of Milk/Farm	(L)	474,561	364,598	341,157
Price of Milk/HL	($)	53.78	53.50	53.27
Cost of Producing Milk/HL	($)	45.99	51.22	57.38
NET RETURN/HL	($)	7.79	2.28	-4.11
Investment/Farm	($)	437,096	351,900	347,479
Liabilities/Farm	($)	179,574	222,303	249,626
Feed Cost/HL Milk Sold	($)	11.21	12.04	11.22
Equity in Business	(%)	58.9	36.8	28.2
Return on Equity	(%)	23.2	18.6	4.9
Return on Invested Capital	(%)	20.8	12.4	5.4
Net Income / Gross Income	(%)	29.2	16.9	4.5

TABLE G-2

HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$ 2,551	$ 2,379	$ 2,124
Industrial Milk	869	778	752
Milk Subsidies	133	111	104
Livestock Sales	307	294	254
Crop Sales	43	39	16
Miscellaneous Sales	247	224	176
TOTAL CASH RECEIPTS	$ 4,152	$ 3,827	$ 3,425
Adj.for Inventory Change	$ 36	$ -46	$ -60
TOTAL FARM RECEIPTS	$ 4,188	$ 3,781	$ 3,365
EXPENSES:			
Milk Hauling	$ 124	$ 115	$ 102
Dairy Feed	741	735	627
Livestock Purchases	25	75	68
Vet and Drugs	40	42	34
Breeding	44	40	34
Dairy Supplies	77	79	82
Milk Marketing	197	193	212
Crop Expenses	190	195	204
Bldg.-Fence Repair	55	82	80
Utilities	72	75	74
Tract-Mach.Repair	185	187	225
Truck and Auto Exp	46	48	42
Interest	207	323	374
Hired Labor	276	301	326
Taxes & Insurance	71	74	77
Custom Work	84	62	82
Rentals & Leases	44	38	42
Miscellaneous	88	93	101
TOTAL CASH EXPENSES	$ 2,567	$ 2,758	$ 2,785

TABLE G-2 (Cont'd)

HIGH,MEDIUM AND LOW NET FARM INCOME PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Bldg.Deprec.		$ 89	$ 82	$ 94
Mach.Deprec.		$ 310	$ 304	$ 334
TOTAL DEPRECIATION		$ 399	$ 385	$ 429
TOTAL FARM EXPENSES		$ 2,966	$ 3,143	$ 3,214
NET FARM INCOME		$ 1,222	$ 638	$ 151
Total Farm Expense		$ 2,966	$ 3,143	$ 3,214
Plus: Interest on Equity		359	217	160
Unpaid Family Labor		29	42	44
Operator Labor		283	286	237
Less: Sales (Excl. Milk)		598	558	446
NET COST OF PROD. MILK		$ 3,039	$ 3,130	$ 3,209
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	72	60	61
Litres of Milk/Cow	(L)	6,608	6,110	5,593
Price of Milk/HL	($)	53.78	53.50	53.27
Cost of Producing Milk/HL	($)	45.99	51.22	57.38
NET RETURN/HL	($)	7.79	2.28	-4.11
Investment/Cow	($)	6,086	4,900	4,838
Liabilities/Cow	($)	2,500	3,095	3,476
Feed Cost/HL Milk Sold	($)	11.21	12.04	11.22
Equity in Business	(%)	58.9	36.8	28.2
Return on Equity	(%)	23.2	18.6	4.9
Return on Invested Capital	(%)	20.8	12.4	5.4
Net Income / Gross Income	(%)	29.2	16.9	4.5

SECTION H

PRODUCTION

ANALYSIS

In the management of a business, output per unit of input is one of the key elements to the success of that business. In the dairy business, production per farm or more particularly, production per cow is one of the key factors determining the profitablility of the farm business.

In this section of the summary, farms were reclassified according to production levels on a per cow basis. Three (3) levels were chosen as follows: (1) high 25 percent production per cow farms; (2) middle 50 percent production per cow farms, and (3) low 25 percent production per cow farms.

Assumptions regarding Operator and Family Labour and Interest on Equity were the same as used elsewhere in this summary.

Tables H-1 and H-2 present information on a per farm and per cow basis.

In analyzing the information found in the tables, it is noted that each of the production per cow groups achieved a return to all factors of production. The high production group showed a $3.83 net return per hectolitre , the medium production group a $2.56 net return per hectolitre, and the low group a $ .61 net return per hectolitre.

The high production group had production of 7,337 litres per cow, while the low production group averaged 4,834 litres per cow.

TABLE H-1

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$ 180,382	$ 152,856	$ 110,994
Industrial Milk	57,001	52,243	39,884
Milk Subsidies	8,647	7,466	5,597
Livestock Sales	21,780	19,107	12,756
Crop Sales	3,371	1,609	2,178
Miscellaneous Sales	16,383	12,941	12,973
TOTAL CASH RECEIPTS	$ 287,564	$ 246,223	$ 184,383
Adj.for Inventory Change	$ 705	$ -2,264	$ -2,673
TOTAL FARM RECEIPTS	$ 288,269	$ 243,958	$ 181,711
EXPENSES:			
Milk Hauling	$ 8,470	$ 7,495	$ 5,312
Dairy Feed	51,616	46,571	34,567
Livestock Purchases	3,147	4,730	2,312
Vet and Drugs	3,178	2,621	1,579
Breeding	3,186	2,668	1,568
Dairy Supplies	4,990	5,600	3,827
Milk Marketing	13,691	12,449	11,587
Crop Expenses	16,015	11,837	9,739
Bldg.-Fence Repair	5,783	4,366	4,075
Utilities	5,092	4,863	3,841
Tract-Mach.Repair	13,389	12,388	11,260
Truck and Auto Exp	2,946	3,298	2,114
Interest	21,303	20,471	13,982
Hired Labor	23,233	18,938	14,520
Taxes & Insurance	5,753	4,506	3,920
Custom Work	5,391	4,863	3,260
Rentals & Leases	2,498	2,967	1,774
Miscellaneous	7,489	5,597	4,891
TOTAL CASH EXPENSES	$ 197,170	$ 176,227	$ 134,128

TABLE H-1 (Cont'd)

HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Bldg.Deprec.		$ 7,030	$ 5,485	$ 3,943
Mach.Deprec.		$ 25,683	$ 19,071	$ 15,080
TOTAL DEPRECIATION		$ 32,713	$ 24,557	$ 19,022
TOTAL FARM EXPENSES		$ 229,883	$ 200,784	$ 153,150
NET FARM INCOME		$ 58,386	$ 43,174	$ 28,561
Total Farm Expense		$ 229,883	$ 200,784	$ 153,150
Plus: Interest on Equity		19,657	15,238	11,394
Unpaid Family Labor		1,800	2,889	2,184
Operator Labor		18,672	17,126	15,879
Less: Sales (Excl. Milk)		41,533	33,657	27,908
NET COST OF PROD. MILK		$ 228,480	$ 202,379	$ 154,698
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	62	65	60
Litres of Milk/Farm	(L)	457,977	398,381	291,200
Price of Milk/HL	($)	53.72	53.36	53.73
Cost of Producing Milk/HL	($)	49.89	50.80	53.12
NET RETURN/HL	($)	3.83	2.56	.61
Feed Cost/HL Milk Sold	($)	11.27	11.69	11.87
Feed Cost as % of Total Costs	(%)	22.5	23.2	22.6
Feed Cost as % of Milk Sales	(%)	21.0	21.9	22.1
Kilograms of Feed/HL Milk Sold	(Kgs)	46.0	47.0	47.1

TABLE H-2

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$ 2,890	$ 2,358	$ 1,842
Industrial Milk	913	806	662
Milk Subsidies	139	115	93
Livestock Sales	349	295	212
Crop Sales	54	25	36
Miscellaneous Sales	262	200	215
TOTAL CASH RECEIPTS	$ 4,607	$ 3,798	$ 3,061
Adj.for Inventory Change	$ 11	$ -35	$ -44
TOTAL FARM RECEIPTS	$ 4,618	$ 3,763	$ 3,016
EXPENSES:			
Milk Hauling	$ 136	$ 116	$ 88
Dairy Feed	827	718	574
Livestock Purchases	50	73	38
Vet and Drugs	51	40	26
Breeding	51	41	26
Dairy Supplies	80	86	64
Milk Marketing	219	192	192
Crop Expenses	257	183	162
Bldg.-Fence Repair	93	67	68
Utilities	82	75	64
Tract-Mach.Repair	214	191	187
Truck and Auto Exp	47	51	35
Interest	341	316	232
Hired Labor	372	292	241
Taxes & Insurance	92	70	65
Custom Work	86	75	54
Rentals & Leases	40	46	29
Miscellaneous	120	86	81
TOTAL CASH EXPENSES	$ 3,159	$ 2,718	$ 2,226

TABLE H-2 (Cont'd)

HIGH,MEDIUM AND LOW FARM PRODUCTION PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Bldg.Deprec.		$ 113	$ 85	$ 65
Mach.Deprec.		$ 411	$ 294	$ 250
TOTAL DEPRECIATION		$ 524	$ 379	$ 316
TOTAL FARM EXPENSES		$ 3,683	$ 3,097	$ 2,542
NET FARM INCOME		$ 935	$ 666	$ 474
Total Farm Expense		$ 3,683	$ 3,097	$ 2,542
Plus: Interest on Equity		315	235	189
Unpaid Family Labor		29	45	36
Operator Labor		299	264	264
Less: Sales (Excl. Milk)		665	519	463
NET COST OF PROD. MILK		$ 3,660	$ 3,122	$ 2,568
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	62	65	60
Litres of Milk/Cow	(L)	7,337	6,145	4,834
Price of Milk/HL	($)	53.72	53.36	53.73
Cost of Producing Milk/HL	($)	49.89	50.80	53.12
NET RETURN/HL	($)	3.83	2.56	.61
Feed Cost/HL Milk Sold	($)	11.27	11.69	11.87
Feed Cost as % of Total Costs	(%)	22.5	23.2	22.6
Feed Cost as % of Milk Sales	(%)	21.0	21.9	22.1
Kilograms of Feed/HL Milk Sold	(Kgs)	46.0	47.0	47.1

SECTION 1

INVESTMENT ANALYSIS

The level of capital investment in a business can be an important factor in determining the profitability of that business. In this section of the summary, farms are re-grouped into three (3) classifications as follows: (1) the high 25 percent Investment per Cow Farms, (2) the middle 50 percent Investment per Cow Farms, and (3) the low 25 percent Investment per Cow Farms.

Similiar assumptions regarding Operator and Family Labour and Return on Equity were used for this section as were made throughout this summary.

Table I-1 provides data on a per farm basis , while Table I-2 provides data on a per cow basis.

The information contained in the tables reveals that only the middle and low investment per cow groups received a return to all factors of production at the assumed levels.

Investment per cow averaged $5,595. for the Low Investment per Cow group, and $8,722 for the High Investment per Cow group.

All groups received a Return to Equity ranging from 14.7 percent for the High Investment per Cow group, to 25.3 percent for the Low Investment per Cow group.

Net Income as a percent of Gross Farm Income ranged from 18.7 percent for the Medium Investment per Cow group, to 16.5 percent for the High Investment per Cow group.

TABLE I-1

HIGH,MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$ 138,858	$ 152,395	$ 153,428
Industrial Milk	43,706	52,476	52,722
Milk Subsidies	6,733	7,412	7,618
Livestock Sales	15,654	20,210	16,709
Crop Sales	2,227	2,575	1,419
Miscellaneous Sales	13,640	14,584	12,481
TOTAL CASH RECEIPTS	$ 220,817	$ 249,651	$ 244,377
Adj.for Inventory Change	$ 1,778	$ -2,731	$ -2,825
TOTAL FARM RECEIPTS	$ 222,595	$ 246,919	$ 241,552
EXPENSES:			
Milk Hauling	$ 6,728	$ 7,520	$ 7,006
Dairy Feed	37,290	44,969	52,049
Livestock Purchases	4,053	4,316	2,223
Vet and Drugs	2,372	2,590	2,444
Breeding	1,955	2,806	2,527
Dairy Supplies	4,541	5,435	4,601
Milk Marketing	10,464	13,236	13,264
Crop Expenses	13,936	11,878	11,737
Bldg.-Fence Repair	3,525	4,889	5,301
Utilities	4,204	4,874	4,707
Tract-Mach.Repair	10,753	12,435	13,804
Truck and Auto Exp	2,736	2,867	3,174
Interest	22,176	18,994	16,019
Hired Labor	15,482	20,507	19,181
Taxes & Insurance	4,866	4,633	4,558
Custom Work	6,199	4,025	4,102
Rentals & Leases	1,582	3,094	2,439
Miscellaneous	3,836	6,294	7,171
TOTAL CASH EXPENSES	$ 156,696	$ 175,361	$ 176,308

TABLE I-1 (Cont'd)

HIGH,MEDIUM AND LOW INVESTMENT PER COW FARMS

PER FARM ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Bldg.Deprec.		$ 6,461	$ 5,620	$ 4,246
Mach.Deprec.		$ 22,734	$ 19,708	$ 16,774
TOTAL DEPRECIATION		$ 29,195	$ 25,328	$ 21,021
TOTAL FARM EXPENSES		$ 185,892	$ 200,689	$ 197,329
NET FARM INCOME		$ 36,703	$ 46,230	$ 44,224
Total Farm Expense		$ 185,892	$ 200,689	$ 197,329
Plus: Interest on Equity		18,637	15,588	11,724
Unpaid Family Labor		2,726	2,602	1,823
Operator Labor		15,015	17,333	19,181
Less: Sales (Excl. Milk)		31,520	37,369	30,610
NET COST OF PROD. MILK		$ 190,750	$ 198,842	$ 199,447
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	51	64	73
Litres of Milk/Farm	(L)	351,294	397,856	398,917
Price of Milk/HL	($)	53.89	53.36	53.59
Cost of Producing Milk/HL	($)	54.30	49.98	50.00
NET RETURN/HL	($)	-.41	3.38	3.59
Investment/Farm	($)	446,912	377,772	286,704
Liabilities/Farm	($)	260,542	221,895	169,462
Feed Cost/HL Milk Sold	($)	10.61	11.30	13.05
Equity in Business	(%)	41.7	41.3	40.9
Return on Equity	(%)	14.7	17.9	25.3
Return on Invested Capital	(%)	10.4	13.9	15.7
Net Income / Gross Income	(%)	16.5	18.7	18.3

TABLE I-2

HIGH,MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$ 2,710	$ 2,376	$ 2,108
Industrial Milk	853	818	724
Milk Subsidies	131	116	105
Livestock Sales	305	315	230
Crop Sales	43	40	20
Miscellaneous Sales	266	227	171
TOTAL CASH RECEIPTS	$ 4,309	$ 3,892	$ 3,357
Adj.for Inventory Change	$ 35	$ -43	$ -39
TOTAL FARM RECEIPTS	$ 4,344	$ 3,850	$ 3,319
EXPENSES:			
Milk Hauling	$ 131	$ 117	$ 96
Dairy Feed	728	701	715
Livestock Purchases	79	67	31
Vet and Drugs	46	40	34
Breeding	38	44	35
Dairy Supplies	89	85	63
Milk Marketing	204	206	182
Crop Expenses	272	185	161
Bldg.-Fence Repair	69	76	73
Utilities	82	76	65
Tract-Mach.Repair	210	194	190
Truck and Auto Exp	53	45	44
Interest	433	296	220
Hired Labor	302	320	264
Taxes & Insurance	95	72	63
Custom Work	121	63	56
Rentals & Leases	31	48	34
Miscellaneous	75	98	99
TOTAL CASH EXPENSES	$ 3,058	$ 2,734	$ 2,422

TABLE I-2 (Cont'd)

HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS

PER COW ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Bldg.Deprec.		$ 126	$ 88	$ 58
Mach.Deprec.		$ 444	$ 307	$ 230
TOTAL DEPRECIATION		$ 570	$ 395	$ 289
TOTAL FARM EXPENSES		$ 3,628	$ 3,129	$ 2,711
NET FARM INCOME		$ 716	$ 721	$ 608
Total Farm Expense		$ 3,628	$ 3,129	$ 2,711
Plus: Interest on Equity		364	243	161
Unpaid Family Labor		53	41	25
Operator Labor		293	270	264
Less: Sales (Excl. Milk)		615	583	421
NET COST OF PROD. MILK		$ 3,722	$ 3,100	$ 2,740
Number of Farms	(#)	33	65	33
Number of Cows/Farm	(#)	51	64	73
Litres of Milk/Cow	(L)	6,856	6,203	5,481
Price of Milk/HL	($)	53.89	53.36	53.59
Cost of Producing Milk/HL	($)	54.30	49.98	50.00
NET RETURN/HL	($)	-.41	3.38	3.59
Investment/Cow	($)	8,722	7,372	5,595
Liabilities/Cow	($)	5,085	4,330	3,307
Feed Cost/HL Milk Sold	($)	10.61	11.30	13.05
Equity in Business	(%)	41.7	41.3	40.9
Return on Equity	(%)	14.7	17.9	25.3
Return on Invested Capital	(%)	10.4	13.9	15.7
Net Income / Gross Income	(%)	16.5	18.7	18.3

SECTION J

SUMMARY

The 1987 Nova Scotia Dairy Farm Business Summary provides basic information and statistics on the costs and returns associated with the dairy enterprise on Nova Scotia farms. While not based on a stastically sound random sample of dairy farms, the summary can be used, with care, to assist in the analysis of the dairy enterprise by providing group average data for comparison purposes.

Table J-1 provides a brief summary of a number of cost and profit ratios and management factors that are often used when analyzing a farm business. These ratios and management factors provide useful information about the financial and production strength of the farm business. In addition, weaknesses in the farm business can be pinpointed through an analysis of these ratios and management factors.

In reviewing these ratios and management factors, the following points are worthy of comment:

- A total of 131 farms were included in the summary.
- Capital Turnover Ratio is 1.55 years.
- Equity in the farm business varied widely from farm to farm, but averaged 41.3 percent for all farms.
- Return on Equity averaged 15.4 percent with significant variation among farms.
- Net Income to Gross Income varied widely, but averaged 18.09 percent.
- Production per cow averaged 6,127 litres of milk sold.

A review of the previous sections showed that every Cow Group received a return to all factors of production. When farms were reclassified by various criteria (Net Farm Income, Production and Investment per cow), only the **Low Net Income per Cow** and the **High Investment per Cow** groups **did not** receive a return greater than all costs.

In compiling the data for this summary, extreme variation among farms was noted. The variation occurred in most factors, including returns, costs and management factors. Below, we list a number of examples of the variation observed.

- Net Farm Income had a range of $2,168. per cow between the highest and lowest net incomes on a per cow basis.

- Investment per cow had a range of $ 8,623. between the highest and lowest investments on a per cow basis.

- Production per cow varied 5,575 litres per cow between the highest and lowest production on a per cow basis.

With such wide variation in many of the costs, returns and management factors, it is difficult to isolate specific characteristics that result in a profitable dairy unit. It would appear, however, that a number of the key factors of production, such as Production per Cow, Efficient Use of Capital, Efficient Use of Labour and Cost Control are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combine these factors of production in the management and operation of their business achieved a reasonable return to their Capital and Management.

TABLE J-1
COST AND PROFIT RATIOS

ITEM		20-39 COWS	40-59 COWS	60-99 COWS	100+ COWS	ALL FARMS
Number of Farms		31	44	40	16	131
Number of Cows per Farm		33	49	76	130	63
COST RATIOS:						
Variable Cost as % of Total Cost		57	61	62	65	62
Fixed Cost as % of Total Cost		26	23	24	20	23
Opportunity Cost as % of Total Cost		17	16	14	15	15
EARNING AND SOLVENCY RATIOS:						
Capital Turnover	(Yrs)	1.82	1.60	1.61	1.29	1.55
Farm Equity	(%)	33.3	40.2	38.6	53.5	41.3
Return on Equity	(%)	10.27	13.75	13.58	20.76	15.41
Current Ratio	(%)	2.54	2.00	2.32	4.52	2.55
Net Capital Ratio	($)	1.50	1.67	1.63	2.15	1.70
Debt to Equity Ratio	($)	2.00	1.49	1.59	.87	1.42
Net Income/Gross Income	(%)	17.18	17.96	16.33	21.35	18.09
MANAGEMENT FACTORS:						
Cows/Man Equivalent	(#)	19	22	24	30	24
Milk Sold/Cow	(L)	6048	6156	6198	6030	6127
Milk Sold/Man Equivalent	(L)	113829	136243	151641	180942	144218
Purchased Feed/Cow	($)	701	741	693	710	711
Purchased Feed/Cow	(Kgs)	2662	2947	2749	3041	2863
Feed as % of Milk Sold	(%)	21.3	22.5	20.9	22.2	21.7
Feed as % of Total Costs	(%)	22.3	23.8	21.5	24.2	22.9
Feed/HL Milk Sold	(Kgs)	44.01	47.88	44.35	50.43	46.79
Feed Cost/HL Milk Sold	($)	11.60	12.03	11.18	11.77	11.60

APPENDIX

The Tables in the Appendix outline Per Farm, Per Cow, Per Hectolitre, Per Hundredweight and Percentage figures for all farms combined in the summary.

The Appendix also provides a Glossary of Terms used throughout the Summary. A brief definition or explanation of each term is also provided.

RECEIPTS AND EXPENSES SUMMARY

ITEM	PER FARM	PER COW
RECEIPTS:		
Fluid Milk	$ 149,245	$ 2,366
Industrial Milk	50,328	798
Milk Subsidies	7,293	116
Livestock Sales	18,181	288
Crop Sales	2,196	35
Miscellaneous Sales	13,816	219
TOTAL CASH RECEIPTS	$ 241,059	$ 3,822
Adj.for Inventory Change	$ -1,619	$ -26
TOTAL FARM RECEIPTS	$ 239,440	$ 3,796
EXPENSES:		
Milk Hauling	$ 7,191	$ 114
Dairy Feed	44,818	711
Livestock Purchases	3,722	59
Vet and Drugs	2,499	40
Breeding	2,521	40
Dairy Supplies	5,000	79
Milk Marketing	12,545	199
Crop Expenses	12,361	196
Bldg.-Fence Repair	4,649	74
Utilities	4,663	74
Tract-Mach.Repair	12,356	196
Truck and Auto Exp	2,911	46
Interest	19,046	302
Hired Labor	18,907	300
Taxes & Insurance	4,673	74
Custom Work	4,592	73
Rentals & Leases	2,548	40
Miscellaneous	5,896	93
TOTAL CASH EXPENSES	$ 170,898	$ 2,710
Bldg.Deprec.	$ 5,486	$ 87
Mach.Deprec.	$ 19,731	$ 313
TOTAL DEPRECIATION	$ 25,217	$ 400
TOTAL FARM EXP.	$ 196,115	$ 3,110
NET FARM INCOME	$ 43,325	$ 687

RECEIPTS AND EXPENSES SUMMARY

PER 100 LITRES	PER CWT	PERCENTAGE
$ 38.63	$ 17.02	62.3
13.03	5.74	21.0
1.89	.83	3.0
4.71	2.07	7.6
.57	.25	.9
3.58	1.58	5.8
$ 62.39	$ 27.48	100.7
$ -.42	$ -.18	-.7
$ 61.97	$ 27.30	100.0
$ 1.86	$ .82	3.7
11.60	5.11	22.9
.96	.42	1.9
.65	.28	1.3
.65	.29	1.3
1.29	.57	2.5
3.25	1.43	6.4
3.20	1.41	6.3
1.20	.53	2.4
1.21	.53	2.4
3.20	1.41	6.3
.75	.33	1.5
4.93	2.17	9.7
4.89	2.16	9.6
1.21	.53	2.4
1.19	.52	2.3
.66	.29	1.3
1.53	.67	3.0
$ 44.23	$ 19.48	87.1
$ 1.42	$ .63	2.8
$ 5.11	$ 2.25	10.1
$ 6.53	$ 2.88	12.9
$ 50.76	$ 22.36	100.0
$ 11.21	$ 4.94	.0

GLOSSARY OF TERMS

ASSETS - All items of value owned by the farm business.

CAPITAL TURNOVER - The length of time, measured in years, that is required to generate sufficient income to equal total capital invested in the farm business. The ratio is Total Capital Invested divided by Total or Gross Farm Income.

CASH EXPENSES - The sum of all cash expenses expended by the farm business during the year. This includes such items as feed, livestock purchased, hired labour, interest and marketing costs.

DEPRECIATION - This is an amount which represents the loss in value of an asset over a certain period of time due to the number of years of remaining life, the amount of use and obsolescence. In this summary, tax depreciation rates are used.

EQUITY - This is the difference between the value of the assets and liabilities and represents the value of assets that would remain if all debts were paid off. Further it represents the capital contribution to the business by the owner.

FARM RECEIPTS - The sum of all cash receipts received by the business during the year. This includes such items as fluid milk sales, livestock sales and miscellaneous sales.

INTERMEDIATE TERM LIABILITIES - This is debt owed by the business to others with a usual term of from 1 to 10 years.

INVENTORY ADJUSTMENT - This represents an increase or decrease in the value of inventory (livestock, crops, supplies) held by the farm to earn income.

LABOUR AND MANAGEMENT INCOME - This term represents Net Farm Income with an Adjustment made for unpaid family labour and interest on equity. It represents a return to the operator for his labour and management skills after all other costs have been deducted.

LIABILITIES - Debts owed by the business to others.

LONG TERM LIABILITIES - Debts of greater term than 10 years.

MAN EQUIVALENTS - Total number of months of labour including operator, hired and unpaid family labour divided by 12 to reduce the total labour force to the equivalent of the number of men employed on a yearly basis.

NET FARM INCOME - Total Farm Income minus Total Farm Expenses. This represents the return to the farm, the operator and family for labour, management and capital.

RETURN TO EQUITY - This represents the return to the owners capital after adjustments have been made for operator and family labour. The calculation is:

(Net Farm Income - Operator and Family Labour)*100 Divided by the Equity

RETURN TO INVESTED (TOTAL) CAPITAL - This represents the rate of return achieved by the total capital invested in the farm business. The calculation is: (Net Farm Income + Interest Paid - Operator and Family Labour)*100 divided by Total Capital Investment (Total Assets)

SHORT TERM LIABILITIES - Debts owed by the business that have a term of less than one (1) year. Short term may also be called Current.